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TAGS: [BEXP](#) [EINV](#) [ELAB](#) [ETRD](#) [KSEP](#) [SENV](#) [RP](#)
SUBJECT: NOMINATION FOR CORPORATE EXCELLENCE AWARD: PROCTER
& GAMBLE PHILIPPINES

REF: STATE 64726

NOMINATION

¶1. Post is pleased to nominate Procter & Gamble (P&G) Philippines for the 2006 Award for Corporate Excellence (ACE). P&G Philippines has energized its workers with a spirit of social responsibility and philanthropy that makes an excellent representation of American values and character to the local business community. P&G traces its manufacturing roots in the Philippines back to 1935 when its Manila investment became the first P&G plant in Asia. Today P&G Philippines, a market leader in consumer categories for detergent, soaps, diapers, dishwashing liquid, and paper products, boasts 1,000 direct employees with assets of \$10 billion in the Philippines. The company is dedicated to improving the quality of life for Filipinos through programs to revitalize poor communities, donate educational resources, promote healthier lifestyles and support the local economy with job creation initiatives.

GOOD CORPORATE CITIZENSHIP: Community, Education and Health

¶2. Revitalizing Communities: P&G is working with the charity organization "Providing Care" (Gawad Kalinga) to construct housing and contribute educational resources for impoverished Filipinos living in slums. In 2004, P&G sponsored the construction of the first Procter & Gamble village representing 48 new homes in an impoverished area of metro Manila. As momentum and enthusiasm for the program spread throughout the company, individual P&G employees decided to contribute to the effort by giving up a day's salary to fund more houses. P&G instituted a matching program for such employee contributions. In 2005 P&G donated funds to build another 70 homes. In addition, P&G employees opted to give up their 2005 Christmas party at a four-star hotel in favor of channeling the budget funds to build even more homes for the poor. Over the past three years P&G Philippines and its employees have contributed USD 170,000 to build 120 homes for needy families. Though the alliance with P&G and "Providing Care" began in the Philippines, the concept has spread throughout the P&G corporate network. "Providing Care" now receives donations from P&G employees around the world. P&G employees are also encouraged to participate in the construction of the houses and are excused from work to do so on pre-designated occasions.

¶3. Supporting Education: P&G Philippines supports a Live,

Learn, and Thrive (LLT) program in each P&G village to provide free pre-school services for children up to six years old. P&G donates five centavos (about nine cents) of every consumer purchase of Safeguard White to support the ongoing operations of the LLT centers. P&G also supports education for the 7-13 age groups by donating uniforms and school supplies to students.

¶4. P&G Philippines also designed the Sagip-Isip program to aid the Philippines' public school system, which lacks resources. P&G Philippines partnered with the local Microsoft Corporation to provide modern technological equipment to schools. Participating schools collect P&G product labels and exchange them for educational equipment like computers, software, audio-video showcases, books, and educational tapes. These resources greatly enhance the learning environment in participating schools throughout the Philippines.

¶5. Health Initiatives: P&G is a long-time advocate for the promotion of good health and hygiene practices. In 2002 company employees volunteered their time to participate in a "Two Steps to Good Health" campaign in which they traveled to cities including Cebu, Bacolod, Iloilo, Cagayan de Oro, and Davao to put on skits and hold training seminars for elementary children and their parents on the importance of hygiene and how it protects against disease.

¶6. In February 2006, the company organized and hosted the 2nd International Health and Hygiene Symposium. The two-day seminar gathered 150 hygiene experts from around the world to discuss cleanliness and hygiene measures that can be used to fight disease.

MANILA 00002539 002 OF 003

GROWTH AND DEVELOPMENT OF THE LOCAL ECONOMY

¶7. Management of P&G Philippines is focused on job creation as a means to stimulate the local economy and has identified creative ways to bring jobs to the Philippines. P&G Philippines has identified more than 7,000 new employment opportunities for local workers through direct and indirect hiring practices. The jobs include direct sales, marketing and packaging positions as well as IT support and human resource management positions through American business process outsourcing providers with operations in the Philippines. The company also moved its Shared Service Center to the Philippines to centralize accounting work for the P&G network in Asia. P&G Philippines successfully lobbied to set up a Pampers diapers manufacturing facility in the RP. Production of the diapers will bring revenue of \$7 million to the local economy. P&G has further invested \$30 million in its manufacturing plant in Laguna to make the Philippines a major manufacturing and service hub for P&G in Asia.

EXEMPLARY EMPLOYMENT PRACTICES

¶8. P&G Philippines offers a generous compensation package to its employees including free P&G products, shuttle service, meal allowances, rice subsidies, the opportunity to apply for loans towards the purchase of a car or a house and competitive wages based on a 15.5-month year. Note. Philippine law requires employers to pay workers for an extra "13th month" as a bonus. P&G's standard of an additional 2.5 bonus months beyond its legal obligation is quite generous. End note. The company places itself among the top ten percent of employers in terms of salary levels. Employees are also given stock in the company. Managers point out that one of P&G's founders, William Cooper Procter, noted "when employees become shareholders, their

interests and the interests of the company become inseparable."

ENVIRONMENTAL STEWARDSHIP

¶9. P&G Philippines holds environmental stewardship as an important responsibility. P&G was one of the first companies in the RP to switch from using hard Alkyl Benzene (AV) to soft AV in its soaps because the hard AV was not biodegradable. P&G was an early adopter of the change, which it implemented ahead of legislation which later required companies to use non-toxic ingredients.

COMPETITIVE AND INNOVATIVE ACTIVITIES

¶10. P&G has reaped the benefits of an innovative marketing strategy which is carefully tailored for Filipino consumers by targeting low income households and offering single-use ("sachet") packets of product. The small quantity makes the product affordable for consumers on a tight budget, who do not have the disposable income to buy in bulk. The product line also makes adjustments for local culture and infrastructure. For example, P&G manufactures a bar soap for pre-treating laundry in consideration of the tradition of hand washing in which bar soap is rubbed onto clothing. In addition, Tide detergent is tweaked for efficiency in the country's hard water conditions.

¶11. P&G headquarters selected the Philippines as the new manufacturing site for Pampers diapers in part because of a new technology developed by the P&G Philippines branch. The technology is being reviewed by the Department of Science and Technology which may grant special status to the innovative project.

COMPLIANCE WITH U.S., INTERNATIONAL, AND LOCAL LAWS

¶12. Values are at the core of the Procter and Gamble Company. Integrity, honesty, respect for individuals, and "doing what's right" guide the staff in their everyday work. P&G Philippines has resisted the local practice of

MANILA 00002539 003 OF 003

offering bribes as a means to move products through customs. P&G managers revealed to Econoffs that they had once dismissed an employee who had paid a bribe to expedite customs clearances. The company has established a zero tolerance policy for corruption and requires its employees to respect a high standard of ethical conduct.

KENNEY